



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 05-7, New Jersey State Income Tax Withholding

Date: March 25, 2005

To: Holders of TAXES (State of New Jersey only)
Personnel User Groups
T&A Contact Points in New Jersey

Beginning with wages paid for Pay Period 6, the National Finance Center (NFC) will make the following changes to the state of New Jersey income tax withholdings:

- The highest state tax rate for all withholding tables will decrease from 12 percent to 9.9 percent.
- The nontaxable biweekly non-Federal 401(k) contribution statement will be added to the state tax formula.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page (www.nfc.usda.gov) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at customer.support@usda.gov.

MARK J. HAZUDA, Director
Government Employees Services Division

New Jersey State Income Tax Information

State Abbreviation:	NJ																								
State Tax Withholding State Code:	34																								
Acceptable Exemption Form:	NJ-W4																								
Basis For Withholding:	State or Federal Exemptions																								
Acceptable Exemption Data:	S, M, C, D, E /Number of Exemptions																								
TSP Deferred:	No																								
►Non-Federal 401(k) Deferred:	Yes◄																								
Special Coding:	Determine the Total Number Of Allowances Claimed field as follows: First Position - <table><tr><td>If Item 3 of the NJ-W4 Contains:</td><td>Enter:</td></tr><tr><td>A</td><td>S</td></tr><tr><td>B</td><td>M</td></tr><tr><td>C</td><td>C</td></tr><tr><td>D</td><td>D</td></tr><tr><td>E</td><td>E</td></tr></table> <table><tr><td>If Item 3 of the NJ-W4 is Blank and if the Status on Line 2 Is:</td><td>Enter:</td></tr><tr><td>Single</td><td>S</td></tr><tr><td>Married Joint</td><td>M</td></tr><tr><td>Married Separate</td><td>S</td></tr><tr><td>Head of Household</td><td>M</td></tr><tr><td>Surviving Spouse</td><td>M</td></tr></table> Second and Third Positions - Enter the total number of exemptions claimed in Item 4 of the NJ-W4. If less than 10, precede with a zero.	If Item 3 of the NJ-W4 Contains:	Enter:	A	S	B	M	C	C	D	D	E	E	If Item 3 of the NJ-W4 is Blank and if the Status on Line 2 Is:	Enter:	Single	S	Married Joint	M	Married Separate	S	Head of Household	M	Surviving Spouse	M
If Item 3 of the NJ-W4 Contains:	Enter:																								
A	S																								
B	M																								
C	C																								
D	D																								
E	E																								
If Item 3 of the NJ-W4 is Blank and if the Status on Line 2 Is:	Enter:																								
Single	S																								
Married Joint	M																								
Married Separate	S																								
Head of Household	M																								
Surviving Spouse	M																								
Additional Information:	If a state income tax certificate has not been processed or if a valid state exemption code is not present, the Federal exemptions will be used in the computation of state tax.																								

Withholding Formula ►(Effective Pay Period 6, 2005)◄

1. ► Subtract the nontaxable biweekly non-Federal 401(k) contribution from the gross biweekly wages to obtain the adjusted gross biweekly wages. **Note:** Do not subtract the biweekly Federal Thrift Savings Plan contribution.◄
2. Multiply the adjusted gross biweekly wages computed in step 1 by 26 to obtain the annual wages.

- Determine the exemption allowance by applying the following guideline and subtract this amount from the annual wages to compute the taxable income.

Exemption Allowance = \$1,000 x Number of Exemptions

- Apply the taxable income computed in step 3 to the following table to determine the annual New Jersey tax withholding.

Tax Withholding Table
Single or Married - Filing Separately
(Rate Table A)

If the Amount of Taxable Income Is:		The Amount of New Jersey Tax Withholding Should Be:	
Over:	But Not Over:		Of Excess Over:
\$ 0	\$ 20,000	\$ 0 plus 1.5%	\$ 0
20,000	35,000	300 plus 2.0%	20,000
35,000	40,000	600 plus 3.9%	35,000
40,000	75,000	795 plus 6.1%	40,000
75,000	500,000	2,930 plus 7.0%	75,000
500,000	and over	32,680 plus 9.9%	500,000

Married - Filing Jointly or Head of Household
or
Surviving Spouse
(Rate Table B)

If the Amount of Taxable Income Is:		The Amount of New Jersey Tax Withholding Should Be:	
Over:	But Not Over:		Of Excess Over:
\$ 0	20,000	\$ 0 plus 1.5%	\$ 0
20,000	50,000	300 plus 2.0%	20,000
50,000	70,000	900 plus 2.7%	50,000
70,000	80,000	1,440 plus 3.9%	70,000
80,000	150,000	1,830 plus 6.1%	80,000
150,000	500,000	6,100 plus 7.0%	150,000
500,000	and over	30,600 plus 9.9%	500,000

Optional Rate Table C

If the Amount of Taxable Income Is:		The Amount of New Jersey Tax Withholding Should Be:	
Over:	But Not Over:		Of Excess Over:
\$ 0	\$ 20,000	\$ 0 plus 1.5%	\$ 0
20,000	40,000	300 plus 2.3%	20,000
40,000	50,000	760 plus 2.8%	40,000
50,000	60,000	1,040 plus 3.5%	50,000
60,000	150,000	1,390 plus 5.6%	60,000
150,000	500,000	6,430 plus 6.6%	150,000
500,000	and over	29,530 plus 9.9%	500,000

Optional Rate Table D**If the Amount of
Taxable Income Is:****The Amount of New Jersey
Tax Withholding Should Be:**

Over:	But Not Over:
\$ 0	\$ 20,000
20,000	40,000
40,000	50,000
50,000	60,000
60,000	150,000
150,000	500,000
500,000	and over

		Of Excess Over:
\$ 0	plus 1.5%	\$ 0
300	plus 2.7%	20,000
840	plus 3.4%	40,000
1,180	plus 4.3%	50,000
1,610	plus 5.6%	60,000
6,650	plus 6.5%	150,000
29,400	plus ►9.9%◄	500,000

Optional Rate Table E**If the Amount of
Taxable Income Is:****The Amount of New Jersey
Tax Withholding Should Be:**

Over:	But Not Over:
\$ 0	\$ 20,000
20,000	35,000
35,000	100,000
100,000	500,000
500,000	and over

		Of Excess Over:
\$ 0	plus 1.5%	\$ 0
300	plus 2.0%	20,000
600	plus 5.8%	35,000
4,370	plus 6.5%	100,000
30,370	plus ►9.9%◄	500,000

5. Divide the annual New Jersey tax withholding by 26 to obtain the biweekly New Jersey tax withholding.